

From: Real Estate Bisnow - LA
To: Kent Smith
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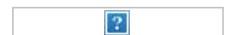
Bisnow - (Almost) Never Boring



July 7, 2015

This Week's LA Deal Sheet

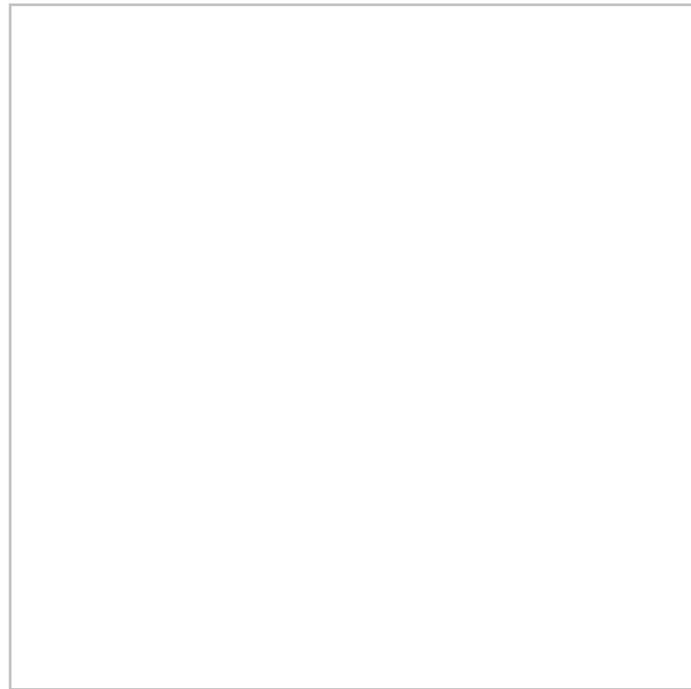
*It's only three weeks away! Our **3rd Annual National Multifamily Conference of the West (BMAC West)** takes place in LA on **July 28**. In classic Bisnow fashion, we're bringing you everything and everyone you need to know in multifamily in a **one-day, jam-packed event!** Join the movers and shakers. [Don't wait, sign up now!](#)*



Four apartment properties in the San Fernando Valley have been sold by **long-term owners** in separate transactions totaling more than **\$57M**. Berkadia's **Dean Zander** and **Vince Norris** handled the listings for the properties, which total 269 units.



The dynamic duo closed the deals over a **three-week period**. Dean (with wife **Kristina**, daughter **Georgia** and son **Drake** in Kauai last month) notes each seller's motivation was different, but the deals all underscore **investors' appetite** for multifamily product in strong submarkets like the SF Valley. All four properties boast close proximity to **major employment, transportation, recreation and entertainment options**, along with upside potential. **Essential Management** bought the 37-unit South Seas Apartments on Saticoy Street in Reseda—known as the setting for the 1984 hit *The Karate Kid*—from a private seller. The brokers wax on that the buyer plans to renovate the units and common areas, and retrofit the parking area.

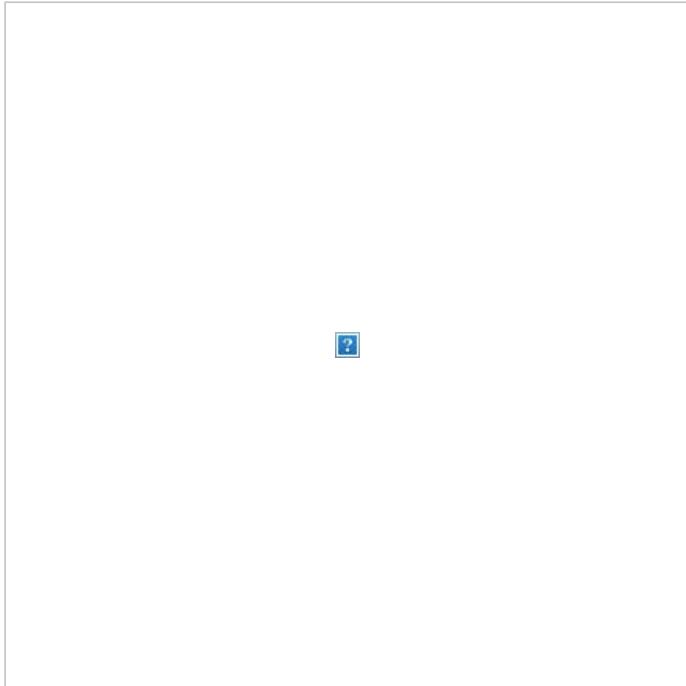


Vince (with wife **Cindy** on their 30th anniversary in London) says the offerings attracted **hundreds of interested buyers**, including individuals, sponsored groups and institutional investors. **Royal Oak Apartments** and **Pall Mall Properties** of LA acquired a pair of 54-unit, 1980s-built properties from their original developer, a New Jersey-based investment group, in separate deals totaling **\$29M**. Sylmar Gardens on Sylmar Avenue in Van Nuys sits within a whisker of the **Van Nuys courthouse** and civic center, while Valleyheart Gardens on Valleyheart Drive in Sherman Oaks is walking distance to **Westfield Fashion Square** and close to the 101 and 405 freeways; both owners plan to launch reno programs.



The fourth deal, Mountainback Apartment Homes on Foothill Boulevard in Lakeview Terrace, includes 124 units in eight two-story buildings on 5.5 acres next to the **Hansen Dam Recreation Area**. The property, sold by San Francisco-based **Jackson Square Properties**, attracted nearly **130 prospective buyers** and was snapped up by a local private investment group for just under \$24.3M. Berkadia's **Allan Freedman** provided full-term IO financing.

SALES



A **half-empty** neighborhood shopping center in Cerritos provided a **compelling investment** opportunity for an owner-user, which bought the **43k SF** property (17500-17510 Carmenita Rd) for \$9.6M. The buyer, which originally was **looking to lease**, plans to move its **furniture retailing** business into the center's largest space—a 27k SF former Rite-Aid Drug Store building that's been **vacant for more than a year**. Colliers International's **Chris Maling** and **David Maling** repped the seller, **Five Points LLC**. Re/Max Commercial's **Brett OKeefe** repped the investor-user. The 3.8-acre center's major tenants include Dollar Tree and Wilshire State Bank.



Chicago-based **Slevin Capital Development Inc**, the parent company of Slevin Automotive Group, bought 10.5 acres from the owners of Calabasas' **Sperling Nursery** to develop a **Nissan dealership**. The parcel (24460 Calabasas Rd) is reportedly one of the last commercially zoned properties of its size in Calabasas. With no comparable properties in the area, the parcel was listed without a price, leaving it to demand and the land's **rarity** to establish the value, according to Lee & Associates-LA North Ventura's **John Battle**, who repped both sides along with **Mike Tingus** and **Grant Fulkerson**. An iconic Calabasas business, Sperling Nursery grew from a **sod outlet in 1971** to a full-service garden supplier with customers throughout SoCal. After founder Joe Sperling passed away in 2013, the owners decide to close the business and sell the property.

Ingallina's Catering bought a 10k SF building in Monterey Park (1398 Monterey Pass Rd) from the **Senift & Vandegrift Trust** for just over \$1.2M. Heger Industrial's **Thomas Holland** repped the seller, while Lee & Associates' **Armen Kazaryan** repped the buyer.



Berkadia's **David Harrington** and **Kyle Mirrafati** sold 3610 Westwood Blvd, a seven-unit apartment building in LA, for nearly \$2.3M or 323k/unit. The property, which was built in 1962, traded over the list price at a closing cap rate of **4.13%**.

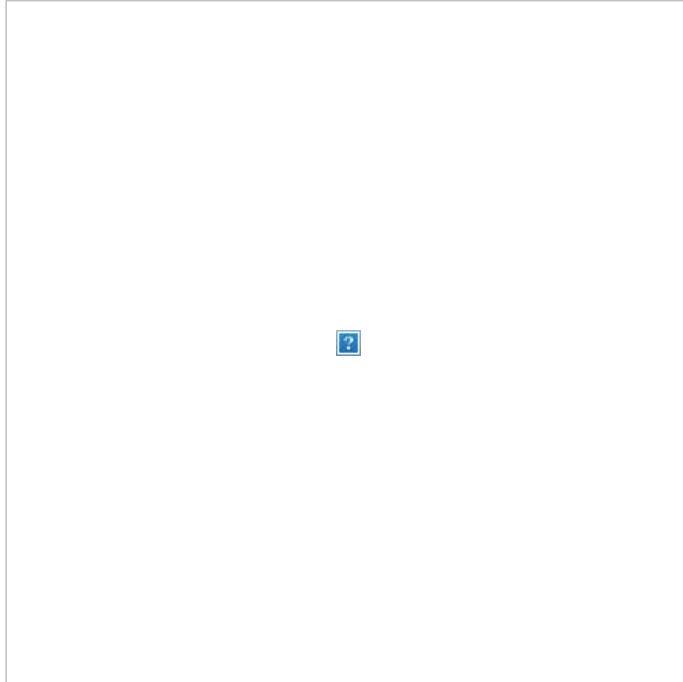
LEASES

Soylent, a food technology company, leased more than 16k SF at Broadway Media Center, 207 S Broadway St in DTLA. The meal replacement food producer will occupy the fifth and sixth floors of the building for its **HQ**. JLL's **Ben Stapleton**, who repped the tenant, says Soylent wanted to move into a **creative space** that will reflect its culture and provide a sense of identity. The deal includes highly visible **exterior signage**. CBRE repped landlord **Broadway Civic Center LP**. The property recently was **converted from a traditional office building** to creative office space.

Clothing Illustrated Inc leased a 37k SF, two-story warehouse in LA (2014 E 15th St) in a deal valued at \$1.5M. Gabriel Weiss & Associates' **Michael Weiss** repped the tenant. Heger Industrial's **Jon Reno**, **Philip Dray** and **Stephan Ktorza** represented the landlord, 2014 East 15th Street Associates.

InterMetro Industries Corp leased 9420 Santa Anita Ave in Rancho Cucamonga, containing over 47k SF on 4.2 acres, in a deal valued in excess of \$1.5M. Heger Industrial's **Jack Whalen** and Pain Wetzel Associates' **Curt Stanton** and **Patrick Fitzgerald** repped the tenant. Lee & Associates' **Michael Fine** repped landlord **BLM Property Co**.

EXECUTIVE NEWS



Ryan Sakamoto (above) joined **RealtyMogul.com** as in-house general counsel, responsible for overseeing all key legal affairs for the company, including investment and securities transactions, contracts and compliance matters. He comes to RealtyMogul from Wedbush, where he served as general counsel and chief administrative officer. In addition, **Michael Sanchez** and **Charles Kim**, both formerly with Colony Capital's commercial mortgage lending arm, Colony Mortgage Capital, [joined RealtyMogul's new commercial lending division](#).

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Dekel Capital: Bridge Loan Update

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bridge loan programs, Dekel Capital's **Shlomi Ronen** (here with wife **Einat**) is seeing lenders win big deals by **stretching on loan proceeds and tightening pricing**, as well as back-loading loan fees to **minimize upfront capital requirements for sponsors**. Shlomi tells us that, currently, recourse bridge loan programs are priced in the 3% to 4% range; non-recourse bridge loan programs are priced in the 4% to 5.5% range for middle market sized loans. He adds that leverage is typically 70% to 75% of project costs for bridge loans, and **some debt funds stretching to 80% LTC**. As well, Dekel is working with preferred equity funds that are layering leverage to 85% to 90% LTC, typically in prime locations. Dekel is currently **raising bridge debt for a number of creative office conversions**. Given the strong market demand by tenants for creative office in infill and transit-oriented locations, bridge lenders are **not requiring pre-leasing prior to funding their loans** on creative office redevelopment and new construction. For more information on our *Bisnow* sponsor, click [here](#).

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What Every Company Should Know About the Cloud



Although Corporate America expects to **spend \$180B on cloud services**, GovCloud Network's **Kevin Jackson** says the field is still basically like the Wild West. Kevin's hoping to chart the frontier during *Bisnow's Data Center Investment and Conference Expo* (we call it **DICE**) starting at **8:15am, July 15**, at **The Ritz-Carlton in Tysons Corner, VA**. "[Many companies] don't know really what the cloud is. **They think it's just storage**," Kevin tells us. Instead, he explains, the cloud in its truest form involves off-shoring all IT functions to a third party—not just storage, but responsibility for **handling systems and security**. And it's more than just academic: Companies that only **half-heartedly** adopt cloud services will see a real cost impact. "The whole economic model of the cloud is shared services. If you can't share services when you go to the cloud, **it will cost you more money**," Kevin says. "**That's what causes a lot of the cloud failures**." And it's more than just allowing a host to run your systems: When companies truly adopt the cloud, they **adopt an infrastructure** that's already in place, and systems and software used by a cloud provider. Kevin says that at some firms, a lack of understanding about the cloud could be coming from the company's internal IT operation, a department that is likely working in **survival mode**, because workers there feel that budgets and hence their jobs are potentially threatened by a move to the cloud.

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The Federal government has been a **massive adopter** of the cloud in the true sense of the word, most recently with the CIA farming out its security-sensitive computers to a **\$600M Amazon system**. And making a complete shift to the cloud has saved the government (not an organization known for its frugality) money, to the tune of **\$5.5B/year**, according to recent stats. To hear more cloud-related insights from Kevin, join him and more than 20 other national data center experts and speakers at **DICE**, July 15 at The Ritz in Tysons Corner, VA. Sign up [here!](#)

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